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THEORETICAL ANALYSIS OF LAND REFORM  
AT ITS PRESENT STAGE IN CHINA

Chu Chien-nung

The following article by Chu Chien-nung, published in the November issue of the Hsin Chien-shih, bases the Chinese theory of land reform on Marx's theories as expounded in Capital and interpreted in various Chinese documents, such as the Platform of Government, and as implemented by the Central People's Government in the Common Program and the Land Reform Act. The tenor of the author's thesis is defense of the present Chinese policy of preserving the rich farmer's economy. He asserts that rich farmers are needed in the present stage of development of Chinese economy, that not only must they be protected but also middle-class farmers must be encouraged to become rich farmers.

1. MARXIST-LENINIST RENT THEORY

War and land reform are the two strategic phases in the historical epoch of the new democracy. We have already passed the war phase, triumphantly establishing a unified, democratic political power of the people. But why do we have to go through that second strategic phase -- land reform? It was indicated in the Common Program that "land reform is the necessary condition for the development of our production and for the industrialization of our nation." But how can we be sure that the implementation of the land reform will serve such a tremendous function? It is true that land reform consists essentially in abolishing the existing system of land ownership and establishing a new one. The necessity of abolishing the old system is due to its irrationality.

In its first stipulation concerning economic policy, the Communist Manifesto definitely advocated "Abolition of property in land and application of all rents of land to public purposes." In Capital, Marx stated that "The justification of private property in land, like that of all other forms of property within a certain mode of production, is that the mode of production is itself a transient

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## Type of Rent

No of Areas in Country	Share Rent	Cash Rent	Grain Rent	Labor Rent
166 [sic]	22	25	51	2

Naturally, the designations of the various forms of rent referred to in the table above are conventional, not scientific. As Capital points out, the developing forms of rent, in the last analysis, are three in number: labor rent, rent in kind, and money rent. In the above table, therefore, not only the 51 percent under grain rent should be classified as rent in kind, but also the 22 percent under share rent. Therefore, rent in kind actually constitutes 73 percent of the whole. Labor rent, which is actually rent in the form of service is a much more outmoded form than rent in kind. Thus, it is not difficult to understand that "In the modern semicolonial, semifeudalistic China, the sovereign form of rent, generally speaking, is still rent in kind. This form of rent is closely related to the feudalistic economic structure." (Chen Po-ta, Introduction of the Land Rent System in Modern China, Chapter II)

From the forms of rent that prevail, we can easily see that rent on modern Chinese farms is related to the feudalistic economic structure. Furthermore, in view of the exorbitance of this rent rate, we can definitely conclude that it is of an exploitative nature. This can be seen from the following table, prepared by the Bureau of Statistics of the reactionary Nationalist government in 1930, showing the average rent rate in 22 provinces of the country.

## Type of Land

	Good Wet	Fair Wet	Poor Wet	Good Dry	Fair Dry	Poor Dry
Share Rent (percent of total production)	51.5	46.2	44.9	47.8	45.3	43.7
Grain Rent (percent of total production)	46.3	45.1	46.2	45.4	44.6	44.3
Money Rent (percent of land price)	10.3	11.3	12.0	10.3	11.0	11.5

The above table shows only the rate of the so-called regular rent. However, in addition to the regular rent, Chinese tenant farmers had to make rent deposits in advance. According to the report issued by the Committee for the Advancement of Agricultural Production of the Executive Yuan of the reactionary Nationalist government, "In 1937 the average rent deposit per mou in all the provinces was 15.84 yuan. Later, the rent deposit requirements increased in all the provinces -- in 1939, up to 32.69 yuan, double that of 1937; in 1941, up to 55.26 yuan, double [sic] that of 1939." It is said that this increase was more or less influenced by the inflation at that time, and that therefore the actual increase was not as large as we imagined. As a matter of fact, due to the inflation, landlords asked for the payment of rent deposits in kind, instead of money. The rent rate in old China was indeed exorbitant.

Furthermore, the time allotted for land purchases in our country is extraordinarily short. According to calculations made by the Research Bureau of the Central Agricultural Laboratory of the reactionary Nationalist government, on the average, the longest land-purchasing period is where the rent is paid in money, i.e., about 9 years. The period is 7.76 years where the rent is paid in grain, and 7.09 years where share renting is practiced.

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According to the survey made by the former Farmers' Bank of China on 183 farms in the nine districts of Szechuan Province, from the spring of 1940 to the spring of 1941, the land-purchasing period of Lo Shan was 1.66 years; Pa Hsien, 4.52 years; Wen Kiang, 5.84 years; Wen Hsien, 6.23 years; Nan Ch'ung, 6.66 years; Mien Yang, 7.30 years; Nei Kang, 8.01 years; An Hsien, 10.27 years; and Ni Ping, 13.68 years. On the average, it was 7.13 years.

The survey made by the Department of Agricultural Economy of Sun Yat-sen University in the change in the land-purchasing period from 1937 to 1940 in 17 villages of Lien Hsien, Canton Province, revealed the following figures:

	<u>Purchasing Period (in years)</u>		
	<u>Good Land</u>	<u>Fair Land</u>	<u>Poor Land</u>
1937	5.7	4.5	4.7
1940	3.2	2.3	2.4

The length of the land-purchasing period is inversely proportionate to the rate of the rent. The shortness of the land-purchasing period in China further reflects the exorbitance of the rent rate. As a matter of course, the agricultural capitalists would not bear this heavy burden. Only those farmers who are field laborers -- essentially poor farmers and middle-class farmers -- would bear such a high rent. Since a high rent rate of this kind already surpasses the surplus profit, which itself is above the average profit in a capitalist society, and since it constitutes the whole of the surplus value or surplus labor of the agricultural production, and even seizes a part of the necessary labor of the farmers / i.e., the minimum of labor necessary to his own existence /, it is obviously no longer rent of a capitalist nature. Rather it should be considered as feudalistic rent.

Capitalist rent not only handicaps the rational management of the land, it also hinders the productive power of the land. Now, the question is whether rent of such a highly feudalistic exploitative nature as existed in China promotes or retards agricultural productive power.

Since the agricultural capitalists are unable to seize the surplus labor, or surplus value of the farm laborers, under the name of profit, and since they have to deliver the whole surplus value to the landlord under the name of rent, their own savings are limited. Consequently, their expansion of agricultural production is also limited. (We must understand here that the profit acquired by the agricultural capitalist in a capitalist society can be used as the savings of his agricultural capital, and for the expansion of agricultural reproduction.) Actually, exploitation under the name of rent has already extended to the necessary labor of the farm laborers. (In technical terms, as applied to a capitalist society, we can say that the exploitation has already touched the wage of these farm laborers.)

Hence, this kind of rent system not only prevents agriculture from expanding production, but also it handicaps the simple maintenance of production. The disadvantages experienced under the rent-lease system of a capitalist society, such as the unwillingness of the capitalist to invest money for the improvement of the land in view of the termination of land contracts within a limited period, and the eagerness to exploit the fertility of the land under the short-sighted notion of profit, are naturally common phenomena under the feudalistic rent-lease system in China.

Therefore, it is understandable that the agricultural capitalists in China are prevented from being engaged in the expansion of production. This is because the surplus value in agricultural production corresponding to the average profit is not to be earned by them. That part goes to landlords under the name of rent. After they have had their rent, will the landlords then invest for the expansion of production? No.

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As a rule, Chinese landlords will not use rent for the purpose of agricultural production. These landlords are generally lazy parasites, blind to the needs of the farm. They not only have no knowledge or ability to manage farms, but fundamentally they are not interested in management. What they get from the rent is either extravagantly wasted, or used to accumulate more land, or used as capital for usury. Thus, the development of the agricultural productive power is greatly handicapped. As Marx so aptly put it, rent in kind "may assume dimensions which seriously threaten the productive capacity of labor, and even the means of production. It may render an expansion of production more or less impossible, and grind the direct producers down to the physical minimum of means of subsistence." (Capital, Volume III, Part 6, Chapter 47)

Mr. Wagner of Germany, in his book 40 years ago, pointed out that "The Chinese agricultural economy under the tenant system definitely cannot stimulate agricultural improvement. Rather it will prevent the improvement." (Chinese Agriculture) Although, in this new China since the liberation, we have carried out the land reform in a vast area leaving a population of 16 millions, where all the feudalistic exploitation under the rent system has been rooted out, yet in the remaining area the condition is still serious.

According to the report of our Vice-President Liu: "Judging by the recent investigation we have made in the eastern and central southern areas, the general condition is as follows: Landlords possess 30-50 percent of all the land; rich farmers, 10-15 percent; middle class farmers, poor farmers, and tenant farmers altogether, 30-40 percent; small landowners, 3-5 percent. On the farm, the rented out land amounts to about 60-70 percent of all the land; the land rented out by rich farmers amounts to 3-5 percent; the land cultivated by the rich farmers themselves amounts to about 10 percent. In other words, on agricultural farms, 90 percent of the land is cultivated by middle-class farmers, poor farmers, and tenant farmers. However, they own merely a small part of the cultivated land. This certainly is a serious situation. It is the root of our oppression, poverty, and backwardness. It is the fundamental obstacle to the democratization, independence, unity, and modernization of our nation. If this condition is not reformed, the victory of the Chinese people's revolution cannot be justified, the agricultural productive power cannot be expanded, the industrialization of New China cannot be realized, and the fruit of the victory of our revolution cannot be enjoyed by the people." (Report Concerning the Problems of Land Reform)

Thus, it is not difficult to imagine how the backward, burdensome, and feudalistic rent restrains the development of the agricultural productive power in China.

### III. FEUDALISTIC LAND SYSTEM AS AN OBSTACLE TO DEVELOPMENT OF INDUSTRIAL PRODUCTION

We have said that the feudalistic land system, because of its heavy exploitation in the form of rent, necessarily prevents the farmers who manage their lands from developing their agricultural production. Since rent is not used for the accumulation of agricultural capital, agricultural production cannot be expanded. All this is clear. Now, why do we conclude, in addition, that the feudalistic land system is a handicap to the industrial production as well?

Of the total Chinese population, 80 percent are farmers. The raw materials of industrial production, as well as the food consumed by the industrial population, are supplied essentially by agricultural areas. Furthermore, the market for the consumption of industrial commodities is also dependent on farms and farmers. As we have already seen, under the rule of the feudalistic land system, the poor farmers are unable to improve either their agricultural production or their production of by-products. At the same time, the parasitic landlords will not invest the income they have acquired through exploitation in the expansion of agricultural production.

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On the contrary, they either waste their income in extravagant luxury or speculate on land accumulation or on usury. This naturally causes agricultural production to dwindle, and the farmers' living standard to be lowered. Thus it becomes out of the question to supply the raw materials and food needed in the development of industry. At the same time, since the majority of the farmers do not own their own land, and since most of their agricultural products are taken away from them by the landlords, naturally the farmers are not interested in production. They are unwilling as well as unable to improve (by purchasing tools, fertilizers, and seeds) and to expand production. They are unable to engage in the production of agricultural by-products which are helpful to industrial production. Consequently, they cannot supply the raw materials required by the industrial production in the cities, nor can they supply the food needed by the industrial population in the cities.

There is another side of the picture. If these farmers are so poor that they do not have even coarse rice to eat, how can they afford to buy refined rice and refined wheat? How can they afford to buy new clothes? As a result, the commodities produced by the textile, rice-polishing, and wheat-grinding mills will have no market. This will naturally influence industrial development.

It is a fact that the landlord class of old China, instead of investing their income acquired by exploitation in agricultural production, wasted most of their income in extravagance. Because of this, a part of their wealth was spent on the purchase of industrial commodities. Although they provided a market for industrial commodities, that sort of purchasing power is definitely limited and distorted. It cannot actually help the development of industrial production as a whole.

Furthermore, it is important to point out that the feudalistic landlords not only refuse to invest in agricultural production, but also they refuse to invest in industrial production. Since most of the wealth in old China was concentrated in the pockets of the landlords, it becomes clearly apparent that the feudalistic exploitation by the landlords is actually the greatest obstacle to the accumulation of industrial capital.

We would now like to explain the connection between land reform and the development of industrial production, using the new Northeast (Manchuria) as an illustration. By and large, the land reform in Northeast was accomplished in the spring of 1949. Since then, agricultural production has been increasing rapidly. In 1949, the total agricultural production amounted to 13,200,000 tons and 18 million tons were predicted for 1950. As the producing power of the farmers increased their purchasing power also increased tremendously. It is anticipated that the total purchasing power of the farmers in 1950 will be the equivalent of 5,660,000 tons of grain. In other words, one third of their total production, in the form of surplus agricultural products, will be used in exchange for other kinds of living and production materials.

Due to the increase in the farmers' purchasing power, the market for the industrial commodities needed by the farmers will be rapidly expanded. In the Northeast, 800,000 bolts of cotton cloth were consumed in 1947, 1,200,000 bolts in 1948, and 3,200,000 bolts in 1949. In 1950, it is estimated that 9 million bolts will be consumed. In 1949, the industrial production of the Northeast was 30 percent of the total production, including agricultural and industrial production. In 1950, it will be increased to 43 percent. This phenomenon cannot be separated from the developments in agriculture. Tracing its origin, we realize that the accomplishment of the land reform was its cause. Therefore, it is quite correct to say the "Land reform is the necessary condition for the development of our production and for the industrialization of our nation."

[Common Program, Article 27]

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#### IV. ABOLITION OF FEUDALISTIC EXPLOITATIVE LAND OWNERSHIP; ESTABLISHMENT OF FARMERS' LAND OWNERSHIP

"Ground rent . . . is that form, in which property in land realizes itself economically, that is, produces value. . . . Landed property is conditioned on the monopolization of certain portions of the globe by private persons, for the purpose of making these portions the exclusive spheres of their private will and keeping all others away from it." (Capital, Volume III, Part 6, Chapter 37) Consequently, before we can abolish the outmoded rent system, we must first abolish the kind of land ownership on which the rent system is based.

The land ownership in China has been feudalistic and exploitative in nature. This is very irrational. Before World War II, the land was generally distributed as follows: 70-80 percent of the total land belonged to landlords and rich farmers, who constituted less than 10 percent of the total farm population. They cruelly exploited the poor farmers. The middle-class, poor, and tenant farmers, who constituted 90 percent of the total farm population, owned only 20-30 percent of the total land. They labored hard but still did not get enough to eat. After 8 years of resistance against Japan and 4 years of war of liberation, the deplorable conditions in the Northeast and in North China have been largely rooted out. The land reform has on the whole been accomplished (except for some famine districts in North China).

But in other regions, these conditions still exist. For example, in Szechuan Province, landlords still own 70-80 percent of the total land. In the middle and lower parts of the Yangtze Valley, the conditions are less extreme. As for the East China and the Central and South China regions, land distribution is still very unsatisfactory. Under such conditions, the bad rent-lease relationship is still preserved. Unless the conditions are reformed, we cannot liberate the agricultural producing power. How can we realize the industrialization of the New China? For this reason, Article 1 of the Land-Reform Act of the People's Republic of China stipulated as an objective "to abolish the feudalistic exploitative land ownership, and to establish a farmers' land ownership." Only in this way can China "liberate the agricultural producing power, develop agricultural production, and open a new road for the industry of a New China."

According to the stipulations of the Land-Reform Act, the actual implementation of the abolition of the feudalistic, exploitative land ownership consists in "confiscating the land, the cattle, the equipment, the surplus food, and the surplus houses on the farm. Other properties of landlords are exempt from confiscation. The government should take over the farm land owned by ancestor shrines, temples, convents, schools, and other organizations. The people in the district should manage by other means to support the schools, orphanages, and hospitals which originally were supported by the land. The industries and businesses managed by the landlords and their land, and the properties which are used directly for these industries and businesses, should not be confiscated. The government should take over the land and the houses on the farms owned by industrialists and businessmen. But their other properties and legal businesses on the farm should be protected. The government should take over the land rented out by quasi-landlords and rich farmers. The government should also take over the land which is rented out because of the lack of labor, or because of the landowners' preoccupation with other interests, in cases where the extent of the land surpasses 200 percent of the per capita land owned by the people in the region."

To abolish the feudalistic exploitation by the landlord class, and to do away with the landlords as a class, the above regulations are undoubtedly necessary, for only by wiping out or liquidating the landlords as a class can we root out the feudalistic rent exploitation. But the lands which are confiscated or taken over by the government under the present conditions in China will not become national properties. They are to be distributed among the farmers. Those

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who do not understand the actual development of Chinese society may take this as not being revolutionary enough. But in so doing, they commit the error of leftist deviation. For the nature of the present revolution in China will not permit us to establish socialism.

The present revolution is a democratic revolution of a capitalist class nature. But "the democratic revolution of the present capitalist class is no longer the old fashioned democratic revolution of the capitalist class. The old type is outmoded. Ours is a modernized, special kind of democratic revolution of the capitalist class. We call our revolution the New Democratic Revolution. Under this new democratic revolution, we are going to nationalize big business and big capital owned by imperialists, traitors, and reactionaries. We are going to distribute the large landholdings among the farmers. At the same time, we are going to help private small business. We are not going to abolish the rich farmers' economy." (Mao, The Chinese Revolution and the Chinese Communist Party)

Consequently, in addition to the regulations implementing the abolition of the feudalistic, exploitative land ownership, our Land-Reform Act also stipulates that "The confiscated land and other productive agencies, unless they are to be nationalized, should be taken over by the Farmers' Association of the district. The association should distribute them among the farmers who have little or no land, in a just, reasonable, and uniform manner. The landlords should have the same distribution so that they can live on their own labor, and reform themselves through labor."

The purpose of the land reform thus implemented is to "transfer the land from the hands of the feudalistic exploiters to the hands of the farmers; to convert the land into farmers' private property; to liberate the farmers from the feudalistic land system; and to enable the backward, outmoded agriculture to catch up with modern standards. Thus, industries will have markets, and the transformation of an agricultural nation into an industrial nation will become possible." (On Coalition Government)

#### V. PRESERVATION OF THE RICH FARMERS' ECONOMY

The direct objective of land reform is "to develop agricultural production. Only by liquidating the feudalistic system can we fulfill the requirements for this development." (President Mao, Report to the Shensi-Suiyuan Cadre Staff Conference) This is the very first starting point of the land-reform policy of the new democracy. If the land and the other productive agencies essential to agricultural production which are owned by the landlords are to be confiscated in view of their feudalistic, exploitative nature, why do we, then, exempt from confiscation the land and properties owned by the semifeudalistic rich farmers?

Since the land reforms as implemented in the past few years in the Northeast and North China, as well as the Outlines of the Land Bill in China promulgated by the Chinese Communist Party, did not exempt the surplus land and properties owned by the rich farmers, it may seem difficult to understand why we now, according to the regulations of the new land-reform bill, are to "Protect all the land owned by rich farmers, whether they cultivate it themselves or employ others to cultivate it for them. They are not to be interfered with. All the lands rented out by rich farmers are to be preserved as their own properties." Is it true that the new bill is more reactionary than the old one? No. Because the idea that the rich farmers' economy should not be attacked prematurely was conceived long ago.

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President Mao in his book The Chinese Revolution and the Chinese Communist Party has already pointed out that "The rich Chinese farmers are, for the most part, semifeudalistic, and they ally themselves with the capitalistic class in the cities. But the revolutionary government should not consider these rich farmers as belonging to the same class as landlords. We should not attack rich farmers prematurely, because their production is still indispensable for a limited period." Therefore, in the 4 May Instructions as promulgated by the Chinese Communist Party in 1946, it was stipulated that the land and properties of the rich farmers should not be interfered with. But why, then, did the Outlines of the Land Bill in China, as announced in 1947, stipulate that the surplus land and properties of the rich farmers should be confiscated?

The reason was, as our Vice-President Liu so aptly put it, that "In the past 2 years, the people's revolutionary forces were engaged in a cruel struggle with the reactionary forces. The people's forces were in a relatively inferior position. It was still hard to tell who would win the victory. On the one hand, the rich farmers doubted the possibility of the victory of the people. They were still on the side of the landlords and Chiang Kai-shek. They were opposed to the land reform and the People's Revolutionary War. On the other hand, the People's Revolutionary War exacted of the farmers a very heavy price (contribution, food contribution, voluntary labor) in order to support the war and win the final victory. If there were to be no fundamental land reform, the poor farmers could not be satisfied. Consequently, it would be very hard to conquer our difficulties." (Report Concerning the Land Reform)

However, the present situation is totally different from the past. First of all, the war on land has essentially ended. The conquest of Taiwan will be a very difficult job. But militarily speaking, the People's Liberation Army has so far had enough power to deal with the problem. The present difficulties in our country are economic and financial, namely, to recover, reform, and develop the social economy. Secondly, the political attitude of the rich farmers has changed. At present, if the rich farmers' economy is to be preserved and the land and properties of the rich farmers are not to be interfered with, they will in general stay neutral.

Therefore, the middle-class farmers will feel better protected, and will be able to dispose of certain unnecessary worries about the development of their production. For example, in certain previously liberated regions, the farmers who have already enjoyed the fruits of land reform have been very reluctant to become rich farmers, and have not been very enthusiastic about production, simply because they have suspected the sincerity of the established governmental policy in protecting the rich farmers. From now on, in the new region, the land reform will not touch the land and the properties of the rich farmers. This will naturally free the middle-class farmers from these unnecessary worries. Consequently, it will help the development of agricultural production.

But, how are the poor farmers and the tenant farmers to be satisfied? Due to the changing situation, to all political power being under the control of the people, it should not be too hard to find solutions in some way or other. President Mao in his 6 July Report definitely pointed out that "Since the war has ended on the mainland, the present situation is different from the situation during 1946 - 1948 (at that time, the People's Liberation Army was engaged in a death struggle with the reactionary Nationalist army and the outcome was uncertain). By the use of loans, the state can help poor farmers to solve their problems and make up for their lack in land. Therefore, our policy toward rich farmers should be changed. Instead of confiscating their surplus land and properties, we should preserve the rich farmers' economy. This will accelerate the recovery of agricultural production. Furthermore, it will help to isolate the landlords, and to protect the middle-class farmers and the small-scale land renters."

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Why do we believe that the loan system of the state can help poor farmers to solve their problems? Obviously, once the poor farmers get a loan from the state, not only can they solve their problems concerning the investment of capital in agricultural production, so that they can cultivate in a more advanced way by means of using fertilizer, thus improving the fertility of the soil, but also they can use their own surplus labor together with their surplus capital and produce by-products.

"The direct objective of the land reform is to develop agricultural production" (Mao Tse-tung). "Every step of the land reform must be meticulously integrated with the development of agricultural production." (Liu Shao-chi). In view of these principles, the land reform and the preservation of the rich farmers' economy are truly significant. Generally speaking, the rich farmers possess better cattle and better and more adequate implements. Furthermore, their investment is comparatively large and the land cultivated by them is usually of better quality. Their production techniques are usually advanced. In the Nanking-Shanghai-Hangchow area, where the rich farmers' economy is very prosperous, many farmers use chemical fertilizers and irrigation machines. Generally speaking, their cultivation is more effective. Besides, until the agricultural producing power can be further advanced, the rich farmers are the ones who possess more surplus food than anyone else. They are the chief providers of food and commodities. Because of these facts, before the maturity of the conditions for the realization of socialism, it is helpful rather than detrimental to the recovery and development of the social economy as a whole to permit the existence and the development of the rich farmers' economy.

The policy of preserving the rich farmers' economy can be interpreted as preserving a part of the feudalistic exploitation. It can be interpreted as preservation of the semifeudalistic exploitation on the part of rich farmers. It can be interpreted as a legalization of such exploitation. However, we need not accept such a mechanical interpretation. It is a fact that the old-fashioned rich farmers are semifeudalistic. They are "simultaneously engaged in rent collection and usury. Their employment of labor is also semifeudalistic." This is also a fact.

But since the land reforms, it is the people who control the overwhelming political and economic powers. And the whole social economy is a new democratic economy. Under these conditions, the old-fashioned rich farmers can be reformed. Their exploitative semifeudalism can be wiped out step by step. First of all, in conforming to the regulations issued by the people's government, they have to decrease the rent and the interest. Consequently, the rent and the interest received by them can gradually be freed of its original semifeudalistic and exploiting nature.

As to the rent, they must on the one hand carry out the governmental policy, and decrease the rate; on the other hand, since farmers will acquire lands after the land reforms, they will not rent as much land as before. Consequently, the rich farmers will no longer be able to collect the whole surplus labor or surplus value in the form of rent. The most that the rich farmers will have is the rent of a capitalist nature, limited to the part called the surplus profit.

As to the interest, since the poor farmers can get loans from the state, the usury formerly prevalent on the farms will be naturally limited. As to the feudalistic system of labor employment, since the poor farmers and the tenant farmers will receive the distributed lands, they will be able to enjoy the advantages of the employment policy prevailing in the cities, even when they have to be employed as surplus labor by the rich farmers. Thus, the condition of employment will gradually free itself from its original feudalistic nature and adjust to the new democratic conditions of employment.

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Therefore, although the preservation of the rich farmers' economy will not allow the confiscation of the lands and properties of the old-fashioned rich farmers, yet in view of the tendency of the future development, there are great possibilities to convert them into modernized rich farmers. It goes without saying that in the new democratic society there are still prospects for the development of the converted rich farmers. As President Mao instructed: "After the victory of the revolution in our whole nation, the part constituted by small-scale and medium capitalism, with its existence and development, can do no harm at all. This principle can apply equally well on the farms after the revolution in the case of the new rich farmers' economy." (The Present Situation and Our Task)

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